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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL
FUNCTIONING OF THE UNITED NATIONS

PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

Revised estimate under sections 25 and 31

Office for Inspections and Investigations

Report of the Secretary-General

I. OVERVIEW

1. The present report deals with the resources required for the Office for Inspections and Investigations. It proposes an appropriation of \$11,941,700 under section 31, Office for Inspections and Investigations, offset by a reduction in a similar amount under section 25 of the proposed programme budget for the biennium 1994-1995. 1/ The Office for Inspections and Investigations was established by Secretary-General's bulletin ST/SGB/262 of 24 August 1993 to provide comprehensive audit, inspection and investigation services to the Organization. A detailed description of the functions of the Office is contained in Secretary-General's bulletin ST/SGB/268 of 23 November 1993. These functions are further elaborated in the relevant report of the Secretary-General. 2/ The Office is an integral part of the Secretariat. It is, however, entirely independent in the conduct of its duties and responsibilities, and has the authority to initiate any audit, inspection or investigation it considers necessary without any hindrance or need for prior clearance.

2. To carry out its functions, the Office is at present being organized to include the Office of the Assistant Secretary-General, one legal officer and an Executive Office, an Audit and Compliance Division and an Inspection and Investigation Division. While the Office as a whole is based in New York, the Audit and Compliance Division maintains sections at the United Nations Offices at Geneva and Nairobi. Those sections will be strengthened and will be

augmented with inspectors/evaluators and investigators. Additional sections/units of similar composition are contemplated at the United Nations Office at Vienna, at the seats of the regional commissions at Addis Ababa, Amman, Bangkok and Santiago, and at the headquarters of major peace-keeping operations.

3. The Audit and Compliance Division conducts independent audits in conformity with generally accepted auditing standards of all United Nations activities world wide for which the Secretary-General has administrative responsibility. These activities comprise those financed from both the United Nations regular budget and extrabudgetary funds. Pursuant to the directives of the General Assembly and the Secretary-General, and in line with the aforementioned standards, the Audit and Compliance Division's reviews encompass the financial and administrative as well as the management and programme aspects of those activities. Its findings and recommendations in each review are communicated to the responsible programme managers. There is a need to increase audit coverage substantially, especially of overseas activities that require annual audits, including those based at Geneva, Vienna, Nairobi and the regional commissions. In addition, the Division will undertake compliance audits to ensure that the Board of Auditors' recommendations, as well as the relevant General Assembly resolutions and the established policies and regulations, are complied with and assess the effectiveness of such compliance. The Division will also identify management problems and develop detailed recommendations for improvements. It will also undertake management surveys, review organizational structures, recommend more effective structures and conduct productivity and staff utilization studies.

4. The Inspection and Investigation Division will conduct programme inspections, in-depth evaluations and investigations. The Division will monitor programme delivery for all departments and offices of the United Nations Secretariat to determine whether activities conducted correspond to those in the approved programme budget; the compatibility of resources utilized with final deliveries; the relevance of activities implemented to the expressed needs of Member States; the relevance of programme strategies and related activities to objectives; the adequacy of oversight procedures in departments and offices for programme preparation, monitoring implementation and evaluating performance. The Division will also conduct ad hoc inspection reviews of specific programmes and organizational units with the object of identifying problems before those problems develop into severe difficulties. It will recommend corrective measures and adjustments as appropriate. In addition, through its in-depth evaluation studies, the Division will conduct systematic analyses of the main programmes of the organization with a view to increasing their relevance, efficiency, effectiveness and impact and, where necessary, propose alterations to their content and their objectives.

5. In the area of investigation the Division will investigate reports of alleged misconduct, malfeasance, deliberate mismanagement, abuses or violations of the United Nations regulations and pertinent administrative issuances. It will also assess the potential within programme areas for fraud and other violations through the analysis of systems of control. On the basis of this analysis, recommendations will be made for corrective action to minimize the commission of such violations. It will also propose action for civil recovery

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of damages to the United Nations and suspension of contractors under investigations. The Division will establish a confidential mechanism that will both guarantee due process and facilitate reporting by staff members of apparent cases of fraud, irregularity or misconduct without fear of victimization. Procedures will be established to ensure that falsely accused staff members are cleared fully and that disciplinary measures are taken in cases where evidence of wrongdoing is conclusive.

II. ORIENTATION OF THE PROGRAMME FOR THE BIENNIUM 1994-1995

6. During the biennium 1994-1995, the Audit and Compliance Division's assessment of the adequacy and effectiveness of internal controls will emphasize control of staff resources, travel, consultancy funds, procurement and cash management. Special attention will be paid to the effective functioning of controls to eliminate and prevent the incidence of payroll-related violations, mismanagement of property, irregularities in procurement and overexpenditure of allotments. The Audit and Compliance Division will increase its coverage of peace-keeping and humanitarian-assistance operations, which have increased in complexity and significantly grown in number, volume and geographic dispersal. To the extent possible, it will expand its management and programme output audits with a view to assisting managers to maximize the value-for-money aspect of their operations as well as to achieve programme objectives. As the new Integrated Management Information System (IMIS) reaches its critical stage of final development and initial operation, the Division will step up its electronic-data-processing (EDP) auditing in order to ensure that the electronic system's internal controls and security measures are in place and functioning. Commensurate with support resources allocated to it, the Audit and Compliance Division will increase its audit coverage of extrabudgetary activities to meet the concern expressed by the General Assembly and the Advisory Committee on Administrative and Budgetary Questions. Activities falling under all sections of the programme budget will be audited by rotation with varying frequency. In the area of compliance, the Audit and Compliance Division will examine the extent to which policies, procedures, regulations and rules have been complied within offices away from Headquarters and high-risk operations, determine the causes and recommend changes as appropriate. Special attention will be given to compliance with the Board of Auditors' recommendations and to those cases of non-compliance that result in a wasteful utilization of resources or affect the reliability and integrity of reports and information that pertains to operations and functions of the Organization. In the area of management improvement, the Audit and Compliance Division will focus on reviewing organizational structures to ensure that they meet the objectives of the Secretary-General's reform programme. Attention will also be given to the identification of management problems in programmes and offices subject to inspection; and to recommending changes as appropriate.

7. In 1994-1995, the Inspection and Investigation Division will carry out all work entrusted to the Central Monitoring Unit and the Central Evaluation Unit pertaining to the preparation of mandated reports on programme performance and in-depth evaluation. In addition, in the area of monitoring and performance evaluation, the Division will conduct detailed inspections of all activities undertaken by selected offices away from Headquarters, in order to determine the

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efficiency with which they are implemented and their relevance to the objectives set and will examine the adequacy of programme oversight mechanisms in place. In addition, evaluation of peace-keeping operations will be emphasized and broadened in scope. The Division will make recommendations and follow up on these recommendations as appropriate.

8. Work will be initiated in the area of investigation. In the biennium 1994-1995, the work will concentrate on exploring and developing mechanisms for full-scale inquiries involving investigations requiring formal hearings; proposing systematic changes, as appropriate, to remedy flaws in regulations, rules, procedures and internal policies affecting areas of investigative concern; and providing training seminars to management. Another area of emphasis will be the investigation of cases of misconduct, fraud and other violations. Special efforts will be made to deal with all reported cases of staff misconduct in peace-keeping operations.

III. ACTIVITIES

9. The activities described below include both those financed under the regular budget and those financed by extrabudgetary resources. In discharging these activities, an interdisciplinary approach will be followed involving staff from several areas of work, namely, audit, compliance, management improvement, inspection of programme performance, evaluation and investigation. As indicated below, elements of the programme of work included under section 25 of the proposed programme budget for 1994-1995 would be transferred to section 31 with related resources.

A. Audit

10. Activities in this area consist of those enumerated under section 25G of the proposed programme budget for the biennium 1994-1995.

B. Compliance

11. This function used to be discharged as part of the audit review of activities and operations of the Organization. With the establishment of the Office for Inspections and Investigations, the compliance aspect of audit will be strengthened and expanded. It is envisaged to establish a compliance unit within the Audit and Compliance Division. In addition to examining the extent of compliance with audit recommendations, the Unit's work in the 1994-1995 biennium will expand to cover periodic reviews of measures taken to implement recommendations made by the Board of Auditors and those made as a result of audits, inspections and investigations.

C. Management improvement

12. Activities in this area consist of those enumerated in section 25A, paragraph 25A.21, of the proposed programme budget.

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D. Evaluation

13. Activities in this area are described under section 25B, Evaluation services, paragraph 25B.40. These include the preparation of parliamentary documentation relating to in-depth evaluations, which were the responsibility of the Central Evaluation Unit, under the Office for Programme Planning, Budgeting, and Finance.

14. In addition, and as part of the Office for Inspections and Investigations' new responsibilities in this area during the 1994-1995 biennium, in-depth evaluation studies will include, but not be limited to, activities that fall under one or other of the following categories:

(a) Areas where significant long-term changes in the relevant political situation require the re-examination of United Nations programmes and their intergovernmental mandates;

(b) Areas where rapid expansion of, or significant changes in, mandated United Nations activities necessitate a review of the continued relevance of past programmatic or administrative practices;

(c) Areas that have been subject to special audit or investigation;

(d) Activities in need of a "zero-based" review;

(e) Areas where the Secretary-General is considering initiatives, or which are in other ways of special concern.

E. Inspection of programme performance

15. Activities under this area are described under section 25B, Programme planning, budgeting and monitoring, paragraph 25B.32. These include the monitoring of programme deliveries under the 1994-1995 budget and the submission in 1994 of the Secretary-General's programme performance report for the biennium 1992-1993.

16. In addition, as part of the Office for Inspections and Investigations' new responsibilities in this area, inspections covering offices and programmes away from Headquarters will be conducted in the 1994-1995 biennium. The inspections will:

(a) Assess the economy and efficiency with which programmed activities are implemented;

(b) Examine the relevance of these activities to the needs of end users and to the objectives of the programme;

(c) Review and assess the effectiveness of programme oversight mechanisms in the areas of programme preparation, monitoring of implementation and particularly the feedback mechanisms in place including the self-evaluation procedures.

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17. Reports will be prepared on the findings of the above inspections, along with recommendations for changes as appropriate. In addition, ad hoc inspection reviews of specific programmes and organizational units will be conducted with the object of quick identification of problems and of making recommendations for countermeasures.

F. Investigation

18. Activities during the biennium will consist of investigating reports of misconduct, malfeasance, deliberate mismanagement, abuses or violations of the United Nations regulations and pertinent administrative issuances, including non-compliance with internal control procedures. The number of these activities is difficult to predict.

19. Activities will also focus on assessing the potential within programme areas for fraud and other violations through the analysis of systems of control in high-risk operations as well as offices away from Headquarters. On the basis of this analysis, recommendations will be made for corrective action to minimize the commission of such violations.

20. Work will also be initiated on the establishment of a confidential mechanism that will both guarantee due process and facilitate reporting by staff members on measures for improving the work of the Organization, as well as on apparent cases of fraud, irregularity or misconduct, without fear of victimization, including the assessment of the effectiveness of the Secretariat system of disciplinary measures. Procedures will also be established to ensure that falsely accused staff members are cleared fully and that disciplinary measures are taken in cases where evidence of wrongdoing is conclusive.

IV. RESOURCES

21. It will be recalled that, by bulletin ST/SGB/262, the Secretary-General had incorporated the Internal Audit Division, the Central Evaluation Unit, the Central Monitoring Unit and the Management Advisory Services in the Office for Inspections and Investigations. The combined staff resources of these oversight units are given in table 1 below. The total staff resources including the post of Assistant Secretary-General redeployed in the context of the report of the Secretary-General on high-level posts ^{3/} is shown in table 2. Table 3 provides the total resources proposed under section 31 for the Office for Inspections and Investigations, excluding those pertaining to the Assistant Secretary-General for Inspections and Investigations. Resources in respect of the latter are dealt with in the context of the addendum to the report of the Secretary-General on high-level posts.

Table 1

1994-1995 proposed staffing table of oversight units
incorporated under the Office for Inspections and
Investigations in accordance with Secretary-General's
bulletin ST/SGB/262

	<u>IAD</u>		<u>MAS</u>		<u>CEU</u>		<u>CMU</u>		<u>Total</u>		Grand total
	RB	XB	RB	XB	RB	XB	RB	XB	RB	XB	Combined RB/XB
Professional											
D-2	1	--	--	--	--	--	--	--	1	--	1
D-1	--	1	1	--	1	--	1	--	3	1	4
P-5	3	3	2	--	1	a/	1	--	7	3	10
P-4	6	14	2	--	2	--	1	--	11	14	25
P-3	9	8	--	1	1	1	--	--	10	10	20
P-2/1	7	1	--	--	--	--	1	--	8	1	9
Subtotal	26	27	5	1	5	1	4	--	40	29	69
<u>General Service</u>											
Principal level	7	1	2	--	--	--	--	--	9	1	10
Other	5	8	2	1	4	1	3	--	14	10	24
Subtotal	12	9	4	1	4	1	3	--	23	11	34
Grand total	38	36	9	2	9	2	7	--	63	40	103

a/ A P-5 post has been on loan from within the Programme Planning and Budget Division to the Central Evaluation Unit since July 1990 and has been encumbered and fully utilized for work on the evaluation of the Office of the United Nations High Commissioner for Refugees and peace-keeping operations.

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Table 2
Summary of post requirements

	Regular budget	Extrabudgetary	Total
Professional category and above			
ASG	1	-	1
D-2	1	-	1
D-1	3	1	4
P-5	7	3	10
P-4	11	14	25
P-3	10	10	20
P-2	8	1	9
Subtotal	41	29	70
General Service category			
Principal level	9	1	10
Other levels	14	10	24
Subtotal	23	11	34
Total	64	40	104

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Table 3
Resources proposed in the 1994-1995 programme budget
(In United States dollars)

	IAD	MAS	CEU	CMU	Total
Salaries and common staff costs	6 627 200	1 648 700	1 509 700	1 165 800	10 951 400
Temporary assistance	30 500	--	--	8 200	38 700
Overtime	6 100	--	--	17 500	23 600
Consultants	11 400	19 800	35 500	6 000	72 700
Travel	268 000	44 700	63 700	12 000	388 400
Contractual services (training)	88 900	--	--	--	88 900
General operating expenses	96 300	14 400	42 000	--	152 700
Supplies and material	22 300	--	--	--	22 300
Furniture and equipment	132 700	9 600	60 700	--	203 000
Grand total	7 283 400	1 737 200	1 711 600	1 209 500	11 941 700

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Resource requirements (at revised 1993 rates)

Staff costs

22. The provision requested for salaries and common staff costs (\$10,951,400) relates to the posts redeployed from section 25 (see table 1).

General temporary assistance

23. The provision of \$38,700 is redeployed from the Internal Audit Division and the Programme Planning and Budget Division under section 25 and would provide for necessary temporary staff during maternity leave and peak workload periods.

Overtime

24. The provision of \$23,600 reflects resources redeployed from the Internal Audit Division and the Programme Planning and Budget Division.

Consultants and experts

25. The provision of \$72,700 represents resources redeployed from the Internal Audit Division, the Management Advisory Service, the Central Evaluation Unit and the Central Monitoring Unit under section 25. External expertise is needed for:

(a) Writing computer software to assist in the finalization of the computerized formats needed for the programme performance exercise;

(b) To assist in the professional assessment of a wide range of United Nations activities in areas of inspections, evaluation and investigation.

Travel of staff

26. The amount of \$388,400 for travel consists of provisions made in respect of the Internal Audit Division, the Central Evaluation Unit, the Central Monitoring Unit and the Management Advisory Service and initially proposed in section 25. Travel of staff in conjunction with the expanded activities under inspection, evaluation and investigation is needed. These activities will cover offices away from Headquarters and will be conducted by teams. Travel of staff members to the headquarters of the specialized agencies and intergovernmental organizations which have professional connections with the activities under inspection and investigation is also needed.

Training

27. The provision of \$88,900 relates to funds initially requested under section 25G, Internal Audit Division. In line with the strengthening of the audit function, as endorsed by the General Assembly at its fortieth session, specialized professional training programmes will be continued, including seminars at Geneva for the Office's staff posted there and at Nairobi, during the biennium 1994-1995. Training will concentrate on management and operational auditing, value-for-money auditing, new audit techniques, EDP auditing and controls, such as auditing of advanced computer systems, the role of auditors in

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system development and the use of the microcomputer to audit work and the latest audit software.

28. Training is also needed to prepare and upgrade staff skills to perform the new functions of "inspection" and "investigation". Staff will need to be exposed to the standards and requirements of inspections and methods and techniques of modern investigations in a number of Member States through external training for inspection and investigation work.

General operating expenses

29. The resources under this heading (\$152,700) represent redeployment from section 25 for maintenance of data-processing and office automation equipment. An additional access point with unlimited access for the NEXIS and DIALOG commercial libraries of databases is needed. Plans to this effect are being developed.

Supplies and materials

30. The provision of \$22,300 relates to the purchase of EDP software for auditing work and the other functions of the Office. These funds represent redeployment from section 25.

Furniture and equipment

31. The provision of \$203,000 relates to equipment for new staff as well as for the purchase of one local area network (LAN) for the Audit and Compliance Division's European and UNHCR Sections at Geneva, additional computers, one optical disk storage system and two text scanners. These resources represent redeployment from section 25.

V. SUMMARY

32. The resources requested for the Office for Inspections and Investigations and the related redeployment from section 25 are as follows:

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Proposed programme budget for the biennium 1994-1995

(In United States dollars)

	<u>From section 25</u>	<u>To section 31</u>
25A. Management advisory services	(1 737 200)	1 737 200
25B. Programme planning, budgeting and monitoring	(1 197 000)	1 197 000
25B. Evaluation services	(1 724 100)	1 724 100
25G. Internal Audit Division	<u>(7 283 400)</u>	<u>7 283 400</u>
Total	<u>(11 941 700)</u>	<u>11 941 700 a/</u>

a/ Excluding \$320,300 in respect of the post of the Assistant Secretary-General for Inspections and Investigations, dealt with in document A/C.5/48/9/Add.1.

33. In addition, the total extrabudgetary resources estimated for 1994-1995 in respect of the Internal Audit Division, the Management Advisory Service, the Central Monitoring Unit and the Central Evaluation Unit in the proposed programme budget will be made available to the Office for Inspections and Investigations. This amounts to \$9,598,000, as follows: Internal Audit Services (\$8,821,400), Management Advisory Services (\$293,300), Central Evaluation Unit (\$276,000) and the Central Monitoring Unit (\$207,300).

Notes

1/ A/48/6.

2/ A/48/640.

3/ A/C.5/48/9 and Add.1.
